

RECORDATION NO. 13108

MAY 19 1981 11 45 AM

SECURITY PACIFIC COMMERCIAL  
LEASING INC.

EXECUTIVE OFFICES: ONE EMBARCADERO CENTER, SUITE 710 • SAN FRANCISCO, CA 94111 • P.O. BOX 7722 (94120) • (415) 445-4482

Interstate Commerce Commission  
Washington, D. C.

Date MAY 19 1981

Fee \$ 50.00

Gentlemen:

ICC, Washington, D. C.

Enclosed for recordation under the provision of 49 USC 11303 of the Interstate Commerce Act, as amended, are the original and ten counterparts of an Equipment Lease dated as of April 1, 1981.

A general description of the railroad rolling stock covered by the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessee under Equipment  
Lease:

International Minerals &  
Chemical Corporation  
421 East Hawley Street  
Mundelein, IL 60060

Lessor under Equipment  
Lease:

Security Pacific Commercial  
Leasing, Inc.  
One Embarcadero Center - Ste. 710  
San Francisco, CA 94111

The undersigned is the Lessor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and eight copies of the Equipment Lease to James Markey, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

SECURITY PACIFIC COMMERCIAL  
LEASING, INC.

By Virginia L. Kucan  
Its CONTRACT ADMINISTRATOR

Enclosures

850  
①

RECEIVED  
MAY 19 11 45 AM '81

County of - C.T. Karpola

SCHEDULE A

DESCRIPTION OF RAILROAD EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Nos.</u>
85	Tank Cars manufactured by General American Transportation Corporation, initially to be unlined but with linings to be added by Protective Coatings, Inc. to permit said cars to transport phosphoric acid	Marked and Numbered IMC 3100 through IMC 3184, both inclusive

LAW OFFICES

# ROSS & HARDIES

A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

150 NORTH MICHIGAN AVENUE

CHICAGO, ILLINOIS 60601-7567

312-558-1000

TWX NUMBER  
910-221-1154

TELECOPIER  
312-750-8600

529 FIFTH AVENUE  
NEW YORK, NEW YORK 10017-4608  
212-949-7075

560 HOWARD AVENUE  
SOMERSET, NEW JERSEY 08873  
908-563-2700

886 SIXTEENTH STREET, N.W.  
WASHINGTON, D.C. 20006-4103  
202-296-8600

SUSAN G. LICHTENFELD

January 26, 1993

Mrs. Mildred Lee  
Interstate Commerce Commission  
12th Street and Constitution Avenue, N.W.  
Room 2303  
Washington, D.C. 20423

RECORDATION NO. \_\_\_\_\_

*[Signature]*  
FILED 1425

JAN 27 1993 4-00 PM

INTERSTATE COMMERCE COMMISSION

Dear Mrs. Lee:

At my request, on December 31, 1992 your office recorded the Bill of Sale dated as of December 24, 1992 from Security Pacific Equipment Leasing, Inc. to Citicorp Leasing, Inc. relating to 81 phosphoric acid lined non-coiled/non-insulated tank cars. Although I requested that the Bill of Sale be recorded as a secondary document (with respect to the primary document identified as 13108) your office assigned the Bill of Sale recordation number 18074 (as a primary document).

This will confirm our conversation today in which you informed me that in lieu of filing the Bill of Sale as a secondary document, you will cross-reference the Bill of Sale (recordation number 18074) to file number 13108 in your indexes.

The original and two copies of this letter are enclosed herewith. I would appreciate your filing a copy of this letter in both files no. 13108 and 18074 and returning to me for my files the third copy of this letter, stamped by your office.

Mrs. Mildred Lee  
January 26, 1993  
Page 2

If you have any questions, please call me. Thank you very much for your continuing assistance.

Very truly yours,

  
Susan G. Lichtenfeld

SGL:ed  
w/encl.

cc: James S. Archibald  
Eric M. Press  
Robert W. Kleinman

RECORDATION NO. 13108  
FILED 1981

MAY 19 1981 - 11 25 AM

INTERSTATE COMMERCE COMMISSION

Execution Copy - 5/13/81  
Matter No. 34193-3

---

---

EQUIPMENT LEASE

Dated as of April 1, 1981

Between

SECURITY PACIFIC COMMERCIAL LEASING, INC.

LESSOR

And

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

LESSEE

---

---

(IMC No. 81-1)  
(85 Phosphoric Acid Lined Tank Cars)

## TABLE OF CONTENTS

<u>Section</u>	<u>Headings</u>	<u>Page</u>
Parties.....		1
Recitals.....		1
Section 1.	Lease and Delivery of Equipment.....	2
1.1.	Intent to Lease and Hire.....	2
1.2.	Inspection and Acceptance of Unlined Cars.....	2
1.3.	Certificate of Acceptance for Unlined Cars.....	2
1.4.	Transfer of Unlined Cars to Lining Company.....	3
1.5.	Lining of Cars; Certificate of Lining Acceptance.....	3
Section 2.	Rentals and Payment Dates.....	3
2.1.	Rent for Equipment.....	3
2.2.	Rent Payment Dates.....	4
2.3.	Place and Manner of Rent Payment.....	5
2.4.	Net Lease.....	6
Section 3.	Term of the Lease.....	6
Section 4.	Ownership and Marking of Equipment.....	7
4.1.	Retention of Title.....	7
4.2.	Duty to Number and Mark Equipment.....	7
4.3.	Prohibition Against Certain Designations.....	8
Section 5.	Disclaimer of Warranties.....	8
Section 6.	Lessee's Indemnity.....	9
6.1.	Scope of Indemnity.....	9
6.2.	Indemnification of Third Party Beneficiaries.....	10
6.3.	Continuation of Indemnities and Assumptions.....	11
Section 7.	Rules, Laws and Regulations.....	11
Section 8.	Use and Maintenance of Equipment.....	12
Section 9.	Liens on the Equipment.....	12

<u>Section</u>	<u>Headings</u>	<u>Page</u>
Section 10.	Filing; Payment of Taxes.....	13
10.1.	Filing.....	13
10.2.	Payment of Taxes.....	13
Section 11.	Insurance; Payment for Casualty Occurrence.....	16
11.1.	Insurance.....	16
11.2.	Duty of Lessee to Notify Lessor.....	18
11.3.	Sum Payable for Casualty Loss.....	18
11.4.	Rent Termination.....	18
11.5.	Disposition of Equipment.....	18
11.6.	Casualty Value.....	19
11.7.	Risk of Loss.....	19
11.8.	Eminent Domain.....	19
11.9.	Early Termination.....	20
Section 12.	Annual Reports.....	21
12.1.	Lessee's Certificate.....	21
12.2.	Lessor's Inspection Rights.....	22
12.3.	Reports for Lessor and Security Trustee.....	22
Section 13.	Return of Equipment Upon Expiration of Term.....	23
Section 14.	Default.....	23
14.1.	Events of Default.....	23
14.2.	Remedies.....	25
14.3.	Cumulative Remedies.....	27
14.4.	Failure to Exercise Rights.....	27
14.5.	Notice of Event of Default.....	27
Section 15.	Return of Equipment Upon Default.....	28
15.1.	Lessee's Duty to Return.....	28
15.2.	Specific Performance.....	29
15.3.	Lessor Appointed Lessee's Agent.....	29
Section 16.	Assignments by Lessor.....	29
Section 17.	Assignments by Lessee; Use and Possession.....	30
17.1.	Lessee's Rights to the Equipment.....	30
17.2.	Use and Possession of Equipment.....	30
17.3.	Merger, Consolidation or Acquisition of Lessee.....	31

<u>Section</u>	<u>Headings</u>	<u>Page</u>
Section 18.	Right of First Refusal; Renewal Options.....	32
18.1.	Right of First Refusal.....	32
18.2.	Renewal Options.....	33
18.3.	Delivery of Equipment.....	34
Section 19.	Interest on Overdue Rentals and Amount Paid by Lessor.....	34
Section 20.	Miscellaneous.....	35
20.1.	Owner for Tax Purposes.....	35
20.2.	Notices.....	35
20.3.	Right of Lessor to Perform.....	36
20.4.	Execution in Counterparts.....	36
20.5.	Law Governing.....	36
20.6.	Headings and Table of Contents.....	36
20.7.	Severability.....	36

#### SCHEDULES

- Schedule A - Description of Items of Equipment
- Schedule B - Certificate of Car Acceptance  
under Equipment Lease
- Schedule C - Certificate of Lining Acceptance  
under Equipment Lease
- Schedule D - Schedule of Casualty Values
- Schedule E - Schedule of Termination Values



## EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of April 1, 1981 between SECURITY PACIFIC COMMERCIAL LEASING, INC., a Delaware corporation (the "Lessor"), and INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (the "Lessee");

### R E C I T A L S:

A. The Lessee contracted to purchase from General American Transportation Corporation (the "Car Builder") the 85 tank cars more fully described in Schedule A hereto (the "Unlined Cars") under a Purchase Agreement dated December 1, 1980 (the "Car Order") and thereafter, pursuant to a Car Order Assignment dated as of April 1, 1981 (the "Car Order Assignment") between the Lessee and the Lessor, assigned to the Lessor its rights to purchase the Unlined Cars.

B. Since the Lessee intended to use said cars to transport phosphoric acid, the Lessee further contracted with Protective Coatings, Inc. (the "Lining Company") to line each of the Unlined Cars with a protective lining under an agreement dated October 30, 1980 (the "Liner Order") and thereafter, pursuant to a Liner Order Assignment dated as of April 1, 1981 between the Lessee and the Lessor, assigned to the Lessor its right to have the Unlined Cars so lined.

C. It is the intention of the Lessor and the Lessee that, upon completion of a car or cars by the Car Builder, such car or cars will be delivered to and if the car meets the specifications therefor, be inspected and accepted by the Lessee hereunder at the plant of the Car Builder and leased hereunder as an Unlined Car. Said parties contemplate that the Lessee will shortly following such delivery and acceptance cause said car or cars to be transported to the plant of the Car Liner, where each such car will be lined with the protective lining. Thereupon the Lessee will again inspect the lining work on each car and accept the same if it meets the specifications therefor.

D. For all purposes of this Lease, the terms "Item of Equipment" and "Equipment" shall refer to each and all of the cars delivered and accepted hereunder both during the period when the same shall constitute an Unlined Car and thereafter when the lining thereof has been completed (and in any event whether such lining has been completed); provided that the term "Purchase Price" of any Item of Equipment shall mean, for each day prior to the day on which the Lessor shall pay to the Lining Company (or to the Lessee as reimbursement of its prior payment thereto) the charge under the Liner Order for lining such car, the purchase price of such car as an Unlined Car paid by the Lessor to the Car Builder under the Car Order, and for each day on and after the date of such payment of said charge under the Liner Order,

the term "Purchase Price" of any Item of Equipment shall mean the sum of said price paid to the Car Builder and said charge paid under the Liner Order for said car.

E. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of April 1, 1981 (the "Participation Agreement") with The Connecticut Bank and Trust Company, as security trustee (the "Security Trustee") and Connecticut General Life Insurance Company (the "Note Purchaser") providing for the commitment of the Note Purchaser which, together with funds provided by the Lessor will permit the Lessor to obtain the funds necessary to pay the Purchase Price of the Equipment. The Lessor will commit to advance an amount equal to 27.4352% of the Purchase Price of each Item of Equipment and the Note Purchaser will commit to purchase the 15% Secured Notes (the "Notes") of the Lessor in an amount equal to 72.5648% of each Item of Equipment. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of April 1, 1981 (the "Security Agreement") from the Lessor to the Security Trustee.

#### SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon delivery of each Unlined Car by the Car Builder, the Lessee shall lease and let and the Lessor shall hire to the Lessee such Item of Equipment for the rental and on and subject to the terms and conditions herein set forth.

1.2. Inspection and Acceptance of Unlined Cars. The Lessor will cause each Unlined Car to be tendered to the Lessee at the location of the Car Builder's tracks set forth in Schedule A. Upon such tender, the Lessee will, as agent for the Lessor and for itself as lessee under this Lease, cause an inspector designated and authorized by the Lessee to inspect the same, and, if such Unlined Car is found to be in good order, to accept, as agent for the Lessor and for itself as lessee under this Lease, delivery of such Unlined Car and to execute and deliver to the Lessor and the Car Builder a Certificate of Car Acceptance (the "Certificate of Car Acceptance") in the form attached hereto as Schedule B with respect thereto; provided, however, that the Lessee shall not accept and the Lessor shall have no obligation to lease any Unlined Car delivered after the Outside Delivery Date for Unlined Cars set forth in Schedule A.

1.3. Certificate of Acceptance for Unlined Cars. The Lessee's execution and delivery of a Certificate of Car Acceptance with respect to each Unlined Car pursuant to Section 1.2 hereof shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's or the Lessor's rights, if any, against the Car Builder thereof, such Unlined Car is acceptable to and accepted

by the Lessee under this Lease, and thereupon becomes an Item of Equipment leased hereunder (i) whether or not the lining contemplated to be added thereto by the Lining Company shall be completed at any time thereafter, and (ii) notwithstanding any defect with respect to design, manufacture, condition or in any other respect. Such execution and delivery of such Certificate further so establishes that such Unlined Car is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards recommended by the Association of American Railroads applicable to new railroad equipment of the character of the Unlined Car as of the date of this Lease. By execution and delivery of such Certificate of Car Acceptance, the Lessee represents that it has no knowledge of any such defect.

1.4. Transfer of Unlined Cars to Lining Company. It shall be the sole risk and responsibility of the Lessee to arrange for and cause each Unlined Car delivered and accepted hereunder pursuant to Section 1.2 hereof to be transported from the plant of the Car Builder to the plant of the Lining Company within the period required to permit the Lining Company to line such Unlined Car and tender it for acceptance by the Lessee as hereinafter provided on or prior to the Outside Delivery Date for Lined Cars set forth in Schedule A hereto.

1.5. Lining of Cars; Certificate of Lining Acceptance. The Lessee, acting as the agent of the Lessor pursuant to the Lining Order Assignment, will, as agent for the Lessor and for itself as lessee under the Lease, cause each Unlined Car accepted hereunder to be delivered to the Lining Company and upon completion of the lining thereof, the Lessee, by its authorized inspector, will conduct an inspection of the lined car and, if the lining thereof is found to be in good order, will accept, as agent for the Lessor and for itself as lessee under the Lease, delivery thereof from the Lining Company. In such event, such inspector will execute and deliver to the Lessor and the Lining Company a Certificate of Lining Acceptance in the form attached hereto as Schedule C with respect thereto.

## SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor, as rent for each Item of Equipment, forty (40) semiannual installments of fixed rental (the "Fixed Rental"), payable in arrears, the first fourteen (14) of which shall be each in an amount equal to 6.0181% of the Purchase Price thereof, and the final twenty-six (26) of which shall be each in an amount equal to 7.3555% of the Purchase Price thereof. The obligation of the Lessee to pay Fixed Rental hereunder shall entitle the Lessee to the possession and use of each Item of Equipment for such portion of the term hereof as such Item is available to the Lessee

prior to January 1, 1982 and no daily or other rental is payable by the Lessee in respect of any such Item for such period.

The Lessee and the Lessor further agree that the Fixed Rentals payable under the preceding paragraph and the Casualty Values and Termination Values set forth in Schedules D and E hereto will, as to each Item of Equipment, be adjusted in the event that (i) any amendment to, or change in, the Internal Revenue Code of 1954, as amended (the "Code"), the Income Tax Regulations or other administrative interpretations thereof by the Internal Revenue Service, is enacted and has an effective date on or prior to June 29, 1982, or (ii) the Lessor shall be required to pay on June 30, 1982 any interest on the Notes accrued from and including December 30, 1981 to but not including June 30, 1982 or any amount pursuant to Section 2.2(h) of the Participation Agreement necessary to assure payment to the Note Purchaser at the rate of 15% per annum on sums held in the Escrow Fund for the period from and including December 30, 1981 to but not including June 30, 1982, other than by application of the installment of Fixed Rental otherwise due on July 1, 1982. Any such adjustment shall be effective as of the first Fixed Rental Payment Date following the event giving rise to such adjustment and shall be made in such manner as will result in the Lessor receiving, on a net after-tax basis, the same rate of return and return on investment that Lessor would have received had no such event occurred.

Anything in the preceding paragraph to the contrary notwithstanding, the amounts payable as installments of Fixed Rental, Casualty Value and Termination Value with respect to any Item of Equipment (i) shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each Rent Payment Date under this Lease (after giving effect to any optional prepayment made under Section 4.2 of the Security Agreement), (ii) shall not be reduced below an amount which would cause the Lessor to lose the ability to account for this Lease and its investment in the Equipment using leveraged lease accounting, in accordance with Financial Accounting Standards Board Statement No. 13, and (iii) will be adjusted in such manner (subject to the restrictions of the preceding clauses) so as to enable the Lessor to satisfy the profit and positive cash flow requirements set forth in Section 4(6) of Rev. Proc. 75-21, 1975-1 Cum. Bull. 715.

2.2. Rent Payment Dates. The first installment of Fixed Rental for each Item of Equipment shall be due and payable on July 1, 1982 and the balance of said installments shall be payable on each January 1 and July 1 thereafter to and including January 1, 2002. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Illinois are authorized or required to close.

2.3. Place and Manner of Rent Payment. The payments to be made by the Lessee under this Lease shall be made as follows:

(a) The portion of any installment of Fixed Rental resulting from an increase in the amount thereof, if any, which the Lessee shall agree to pay to the Lessor pursuant to any rental adjustment arrangements shall be paid in full to the Lessor by wire transfer to the principal office of the Lessor at the address provided for payments in Section 20.2 hereof;

(b) Each installment of Fixed Rental and the entire amount of any payment of Casualty Value or Termination Value pursuant to Section 11 hereof shall be paid to the Lessor by wire transfer to the principal office of the Lessor at the address thereof provided for payments in Section 20.2 hereof (identifying the same as a payment of Fixed Rental, Casualty Value or Termination Value relating to IMC No. 81-1); provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide any Fixed Rental installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(c) The amount of any payment owing to the Lessor pursuant to Sections 6, 10.2, 11.1 (with respect to public liability insurance) and 20.3 hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease pursuant to Section 16 hereof;

(d) The amount of any interest due in respect of the late payment of any rentals or other amounts pursuant to Section 19 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(e) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or its assignee, in which case the Lessee shall reimburse the Lessor or its assignee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above at the opening of business of the office of the transferring bank on the due date of such

payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and where not so specified, such payment shall be made by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been previously advised in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

### SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment in the form of an Unlined Car in

the manner provided in Section 1.2 hereof and, subject to the provisions of Sections 11, 14 and 18 hereof, shall run initially for an interim term until January 1, 1982 (the "Term Lease Commencement Date") and thereafter for a period of twenty (20) years ending January 1, 2002, at which time this Lease shall terminate unless otherwise renewed in accordance with the provisions of Section 18.2 hereof. The obligations of the Lessee under Sections 2, 6 (except as otherwise provided in subsection 6.2), 8, 9, 10, 11, 13, 15 and 19 hereof shall survive the expiration or termination of the term of this Lease and the full payment of all amounts payable under this Lease.

#### SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will, at its own expense, cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Leased from SECURITY PACIFIC COMMERCIAL LEASING, INC., as Owner, and Subject to a Security Agreement recorded with the Interstate Commerce Commission".

with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment unless said change is required by applicable law or industry rules and, further, unless and until (i) a statement of the new road number or numbers to be substituted therefor shall have been filed with the Lessor and the Security Trustee and filed, recorded or deposited in all public offices where this Lease and the Security Agreement have been filed and (ii) the Lessee shall have furnished the Lessor and the Security Trustee an opinion of counsel, which counsel may be designated by the Lessee and shall be satisfactory to the Lessor, to the effect that the statement has been so filed, such filing will protect the Lessor's and the Security Trustee's interest in such Items of Equipment, and no filing with or giving notice to any other Federal, state or

local government or agency thereof is necessary to protect such interests of the Lessor and the Security Trustee.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership.

## SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, WHERE-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY THE LESSOR, AND THE LESSOR EXPRESSLY DISCLAIMS ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT OR ANY COMPONENT THEREOF, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT OR ANY COMPONENT THEREOF, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes (but only so long as the Lessee is not in default hereunder) the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, including instituting suits, actions and proceedings, from time to time, in the name and for the account of the Lessor (but only with counsel satisfactory to Lessor) and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Car Builder or the Lining Company or a third party, and, so long as no Event of Default has occurred and is continuing the Lessee (subject to any requirements of indemnification under this Lease) may retain such of the proceeds as are reasonably attributable to the leasehold estate of any such claims, suits, actions and proceedings; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility (except as set forth in Section 17.1 hereof) or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the acceptance, inspection, delivery, operation, servicing, maintenance, repair, improvement, replacement or surrender of any Item of Equipment. The Lessee's delivery of the respective Certificates of Acceptance pursuant to Section 2 hereof shall be conclusive evidence as between the



Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters; provided, however, that the delivery of said Certificates of Acceptance shall not affect or impair any of the Lessee's rights set forth above against the Car Builder or the Lining Company or a third party.

#### SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, ordinary wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, reasonable counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, inspection, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements, (iv) as a result of claims for negligence, warranty or strict liability in tort, (v) by reason of any injury to or the death of any person or any damage to or loss of property on or near any Items of Equipment or in any manner arising or alleged to arise out of the ownership, use, replacement adaptation or maintenance of any Item of Equipment or of any other equipment in connection with any Item of Equipment (whether owned or under the control of the indemnified person, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof, (vi) by reason of any violation or alleged violation of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to any Item of Equipment or the leasing, ownership, use, replacement, adaptation or maintenance thereof, or (vii) any claim arising out of any of the Lessor's obligations under the Security Agreement or the Security Trustee's retention of a security interest under the Security Agreement

or the Participation Agreement; provided, however, that the Lessee shall not be required to so defend, indemnify and save harmless any such party (but only such party) if such claim, cause of action, damage, liability, cost or expense resulted from the gross negligence or willful misconduct of such party (all such matters called "Indemnified Matters"). The Lessee shall be obligated under this Section 6.1, whether or not any indemnified person shall also be indemnified with respect to any Indemnified Matter under any other agreement by any other person, and the indemnified person may proceed directly against the Lessee under this Section 6.1 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any indemnified person in connection with any Indemnified Matter, the Lessee may and, upon such indemnified person's request, will at the Lessee's expense defend such action, suit or proceeding with counsel satisfactory to Lessor. In the event Lessee is required to make any indemnification under this Section 6, the Lessee shall pay such indemnified person an amount which, after deduction of all taxes required to be paid by such indemnified person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against and of any other such taxes as determined in the sole discretion of the indemnified person), shall be equal to the amount of such payment. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim hereby indemnified against. Upon the payment in full by the Lessee of any indemnities as contained in this Section 6 and provided that no Event of Default (or other event which with notice or lapse of time or both would constitute an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such indemnified person in respect of such Indemnified Matter. Any payments received by such indemnified person from any person (except the Lessee) as a result of any Indemnified Matter with respect to which such indemnified person has been indemnified by the Lessee pursuant to this Section 6.1 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for its indemnification payments previously made.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee to any party at any time a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

6.2. Indemnification of Third Party Beneficiaries. The Lessee further agrees to indemnify, protect and hold harmless the Lessor, the Note Purchaser, the Security Trustee, the Car Builder and the Lining Company as third-party beneficiaries hereof from

and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against any such party because of the use in or about the construction or operation of any of the Items of Equipment or material specified by the Lessee and not manufactured by the Car Builder or the Lining Company or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Car Builder or the Lining Company which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Car Builder or the Lining Company, as the case may be, of any claim known to the Lessee from which liability may be charged against the Car Builder or the Lining Company.

6.3. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise.

## SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees for the benefit of the Lessor, the Security Trustee and the Note Purchaser to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules in effect from time to time of the United States Department of Transportation, the Interstate Commerce Commission and the standards recommended by the Association of American Railroads applicable to equipment of the character of the Items of Equipment) with respect to the use and maintenance of each Item of Equipment subject to this Lease in order to comply with health, safety or environmental standards. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense. Any alteration, replacement, addition or modification to any Item of Equipment made pursuant to this Section 7 or Section 8 hereof (the "Alterations") shall be owned by the Lessee (or such other party as may have title thereto), except to the extent such Alterations are described in the following sentence. Any and all parts installed on and additions and replacements made to any Item of Equipment (i) which are not readily removable without causing material damage to such Item or were installed or were added to such Item in contravention of the provisions contained hereinabove or which are not removed by the Lessee prior to surrendering possession thereof pursuant to the provisions of Section 13 hereof, (ii) the cost of which is included in the Purchase Price with respect to such Item, (iii) in the course of ordinary maintenance of the Equipment or (iv) which are then required for the operation or use of such Item by the regulations of the Interstate Commerce Commission, the United States Department of Transportation or

any other regulatory body or to cause such Item to comply with the standards then recommended by the Association of American Railroads applicable to equipment of the character of such Item, shall constitute accessions to such Item and full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in the Lessor; provided, however, that no adjustment in rentals shall result therefrom; and provided, further, however, that the Lessee may, in good faith, contest the validity or application of any such law, regulation, requirement or rule in any reasonable manner which does not, in the opinion of the Lessor or the Security Trustee, adversely affect the property or rights of the Lessor or the Security Trustee under this Lease or under the Security Agreement.

#### SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep, or cause to be maintained and kept, the Equipment (including the lining) in good order, top condition and repair, ordinary wear and tear excepted, in accordance with the recommendations of the American Association of Railroads and the Federal Railway Administration and, in any event, comparable to the maintenance of similar equipment owned or leased by it and suitable for use in interchange in accordance with the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment without the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof which shall not be unreasonably withheld; provided that, notwithstanding the foregoing, the Lessee shall make no additions or improvements to any Item of Equipment unless the same are (i) readily removable without causing material damage to such Item of Equipment, or (ii) permitted to be made pursuant to the provisions of Section 4(4).03 of Rev. Proc. 75-21, 1975-1 C.B. 715, as amended by Rev. Proc. 79-48, 1979-2 C.B. 529, and as it may be further amended from time to time without adverse income tax consequences to the Lessor. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment and repair all damages, if any, resulting from such removal.

#### SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors

or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease and any other liens or charges which arise by virtue of claims against, through or under any other party other than the Lessor and the Security Trustee not arising from the transactions contemplated hereby, but the Lessee shall not be required to pay or discharge any such claims which are not at the time due or so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

#### SECTION 10. FILING; PAYMENT OF TAXES.

10.1. Filing. Prior to the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will cause this Lease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. §11303 and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee, for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, any Item of Equipment to the satisfaction of the Lessor's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel reasonably satisfactory to the Lessor and the Security Trustee that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) and their respective successors and assigns (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to any Impositions as hereinafter defined, and the Lessee hereby assumes responsibility for, and agrees to pay, hold harmless and indemnify the Indemnitees against,

all such Impositions and collection or other charges. As used in this Section 10.2 "Impositions" shall mean the amount of any local, state, Federal or foreign taxes, fees, withholdings, levies, imposts, duties, assessments, charges, license and registration fees and other governmental charges of any nature whatsoever, either domestic or foreign, including without limitation penalties, fines, additions to tax and interest thereon, however imposed, imposed on, incurred by or asserted against any Indemnitee or the Equipment or any part or portion thereof on account of, or with respect to, this Lease, or the Participation Agreement or any other Operative Agreement (as defined therein) or any document referred to herein or therein or any of the transactions contemplated hereby or thereby or the manufacture, purchase, acquisition, acceptance or rejection of the Equipment or any part or portion thereof or the ownership, delivery, nondelivery, leasing, re-leasing, subleasing, possession, use, operation, maintenance, repair, condition, sale, return, abandonment or other application or disposition of the Equipment or any thereof or any indebtedness with respect thereto or the rentals, gross receipts, earnings or gains arising therefrom; provided, however, that Impositions shall not include as to each respective Indemnitee (i) any taxes imposed on or measured by any trustee or agency fees received by the Lessor or the Security Trustee, (ii) Federal income taxes measured solely by net income or excess profits of the Lessor, the Security Trustee or the Note Purchaser, or (iii) taxes measured solely by net income or excess profits of, and franchise taxes imposed on, the Lessor, the Security Trustee or the Note Purchaser, or their successors and assigns by the respective entity's state of incorporation or state where its principal place of business is located; provided, however, that, notwithstanding the preceding proviso, the Lessee will indemnify the Indemnitees for any net income taxes arising out of or imposed in respect of indemnification payments pursuant to this Lease. The Lessee shall pay all Impositions for which it assumes liability hereunder when such Impositions are due and will indemnify each Indemnitee to the extent required by this Section 10.2 not later than the 10th day of the month immediately following receipt of a written request by such Indemnitee for indemnification specifying the amount to be paid, the basis on which such amount was determined and the nature of the Impositions in question. The Lessee will keep at all times all and every part of the Equipment free and clear of all Impositions which might in any way affect the title of the Lessor or the security interest of the Security Trustee or result in a lien upon any part of the Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as they have not become due and payable and so long as the Lessee is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of any Indemnitee, adversely affect the interest of such Indemnitee hereunder or under the Security Agreement; and provided further that, if the Lessee shall have paid such Imposition, the Lessee shall be entitled to the proceeds, if any, from any such legal proceedings. The Lessee agrees to give the Lessor and the Security Trustee notice

of such contest within 30 days after institution thereof and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any Tax shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor not later than the 10th day of the month immediately following presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Car Builder or otherwise pursuant to any corresponding provision of the Car Order not covered by the foregoing paragraph of this Section 10.2, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements or reports with respect to Impositions are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor and the Security Trustee in the Equipment; provided, however, that the Lessor shall, with respect to any state or political subdivision thereof of the United States of America, file such returns, statements and reports relating to sales or use taxes, and taxes, fees and charges on or measured by the Lessor's earnings or gross receipts arising from the Equipment, or the value added by the Lessor thereto, as the Lessee shall determine are required to be filed, and as shall be prepared by the Lessee, and the Lessor shall remit the amounts thereof upon payment by the Lessee to the Lessor (such payment to be made forthwith upon demand by the Lessor therefor) of such taxes, fees and charges except as provided above. All costs and expenses (including legal and accounting fees) of preparing such returns or reports shall be borne by the Lessee.

To the extent that the Lessor has information necessary to the preparation of such returns, statements and reports, it will furnish such information to the Lessee. To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this Section 10.2, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on its behalf; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor, of the Lessee's performance of its duties under this Section 10.2. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

The Lessee agrees to pay all amounts due under this Section 10.2 free of any Impositions and to indemnify each Indemnatee against any Impositions by reason of any payment made by the Lessee so that the Indemnatee to whom or for whose benefit the payment is made shall receive an amount which, net of any Impositions or other charges required to be paid by such Indemnatee in respect thereof, shall be equal to the amount of payment otherwise required hereunder. Without limiting the foregoing, the amount which the Lessee shall be required to pay with respect to any Impositions subject to indemnification under this Section 10.2 shall be an amount sufficient so that, after considering the tax effects of the Impositions in question and the receipt of indemnification payments hereunder, the Indemnatee will have the same after-tax economic and accounting yields and cash flows as such Indemnatee would have realized had such Impositions not been incurred or imposed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

#### SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. (a) The Lessee will at all times prior to the return of the Items of Equipment to the Lessor, assume and bear the risk of loss with respect to the Equipment and at its own expense, will cause to be carried and maintained public liability insurance providing coverage of not less than \$10,000,000 with respect to third-party personal injury and property damage and will cause to be carried and maintained property insurance in respect of the Items of Equipment at the time subject hereto providing coverage of not less than the aggregate Casualty Value of the Items of Equipment; provided that if the Lessee shall maintain a program of self-insurance with respect to property insurance coverage of railroad cars similar to the Equipment which are owned by the Lessee, then it may self-insure the Equipment in like manner. To the extent required to maintain coverage by the preceding sentence, the Lessee will carry such insurance in such amounts, for such risks, with such deductibles and with such insurance companies, satisfactory to the Lessor and the Security Trustee and in any event consistent with prudent industry practice and at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Items of Equipment. All policies with respect to such insurance shall name the Lessor and the Security Trustee as coinsureds or additional named insureds and (except in the case of liability insurance) as loss payees, with proceeds thereof payable to the Lessor, any assignee thereof pursuant to Section 16 hereof and the Lessee as their interests



shall appear; provided that in the event any casualty insurance shall be in effect with respect to the Equipment prior to the payment in full of all principal and interest on the Notes, all payments thereunder shall be made to the Security Trustee under a standard mortgage loss payable clause. All policies with respect to such insurance shall provide for at least 30 days' prior written notice by the insurance carrier to the Lessor and the Security Trustee in the event of cancellation, expiration, material change in coverage or amendment (and the Lessee shall provide 30 days' prior written notice to the Lessor and the Security Trustee in any such event), shall include waivers by the insurer of all claims for premiums against the Lessor and the Security Trustee and shall provide (without prejudice to the rights of such insurer to cancel such policy upon proper notice as set forth above) that losses are payable notwithstanding, among other things, breach of warranty or any act of negligence of the Lessee, the Lessor and the Security Trustee, more hazardous use or occupation of the Equipment than that permitted by such policies, or foreclosure, notice of sale or any other proceeding in respect of the Equipment, or any change in the title to or ownership of any of the Equipment. Each such insurance policy shall expressly provide that all of the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Lessor or the Security Trustee. The Lessee shall, not later than the date of delivery of any Item of Equipment pursuant to this Lease, and thereafter not later than July 1 of each year commencing July 1, 1982, furnish to the Lessor and the Security Trustee a certificate of an insurance broker or company acceptable to the Lessor evidencing the maintenance of the insurance required hereunder and shall furnish certificates evidencing renewal 10 days prior to the expiration date of such policy or policies. All proceeds of casualty insurance received by the Security Trustee shall be applied as set forth in Section 4.1(c) of the Security Agreement.

(b) In the event that the Lessee shall fail to maintain insurance as required by Section 11.1(a) hereof, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand, reimburse the Lessor for the cost thereof together with interest on the amount of such cost at the rate per annum specified in Section 19 hereof.

(c) Nothing in this Lease shall be construed to prohibit the Lessor at its option and expense from providing casualty insurance in amounts which are in excess of the Casualty Value and which policies may name the Lessor as the loss payee; provided that any such policy shall be subject to a mortgage loss payable clause in form and substance as required by Section 11.1(a) hereof. If the Lessor exercises said option, then the Lessee will cooperate

with the reasonable requests of the Lessor so as to effect this insurance coverage; it being understood that any insured coverage under this subparagraph (c) is expressly within the Lessor's option and in no way relieves the Lessee from any of its responsibilities under this Section 11.

11.2. Duty of Lessee to Notify Lessor. In the event that any Unlined Car shall not, for whatever reason, have been lined by the Lining Company and no Certificate of Liner Acceptance shall have been delivered pursuant to Section 1.5 hereof on or prior to June 29, 1982, or any Item of Equipment shall be or become worn out, lost, stolen, destroyed, or in the opinion of the Lessee, irreparably damaged or permanently returned to the Car Builder pursuant to any patent indemnity provision during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease or by any other governmental entity resulting in loss of possession of such Item of Equipment for a period of 90 consecutive days prior to the return of such Item in the manner set forth in Section 13 or 18 hereof (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall, as soon as practical, fully inform the Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) in regard thereto and shall pay, in accordance with the terms of Section 11.3 hereof, the sum provided in such Section.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding rent payment date following its notice of a Casualty Occurrence with respect to any Item or Items of Equipment, or in the case of a failure to line an Unlined Car, on July 1, 1982, shall pay to the Lessor the Fixed Rental installment, if any, due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value (as defined in Section 11.6 hereof) of such Item of Equipment as of the date of such payment or, in the case of a failure to line an Unlined Car, a sum equal to the higher of the then Fair Market Value (as defined in Section 18.2 hereof) of such Unlined Car or the Casualty Value thereof.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, at its own expense, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon

as it is able to do so for the Fair Market Value thereof; provided that if the Lessee shall pay the sum required under Section 11.3 hereof due to the failure to line an Unlined Car, the Lessee may retain such Unlined Car for its own use. Any such disposition shall be on an "as-is", "where-is", "with all faults" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, so long as no Event of Default, or any event which with the lapse of time or the giving of notice or both, would constitute such an Event of Default shall have occurred and be continuing, the Lessee may retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee (provided that the Casualty Value and other sums payable pursuant to Section 11.3 hereof have been paid) by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor after deducting from such excess the reasonable expenses of the Lessee incident to such sale. Unless an Event of Default, or event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, if the Lessor shall receive any insurance proceeds following receipt of the Casualty Value from the Lessee (other than insurance proceeds received from insurance maintained pursuant to Section 11.1(c) hereof), such party shall promptly remit such proceeds to the Lessee up to the amount of such Casualty Value. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be the amount equal to that percentage of the Purchase Price of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule D opposite the date of payment thereof.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and the liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof. The obligations set forth in this Section 11.7 do not guarantee to any party at any time a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned

or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking unless or until such requisitioning or taking shall constitute a Casualty Occurrence pursuant to Section 11.2 hereof. So long as no Event of Default, or event which with the lapse of time or giving of notice, or both, shall have occurred and be continuing, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for such a requisition or taking of possession not constituting a Casualty Occurrence pursuant to Section 11.2 hereof. For any requisition or taking of possession which constitutes a Casualty Occurrence pursuant to Section 11.2 hereof, Lessor shall be entitled to receive (directly or from Lessee) and retain for its own account all such proceeds, which will be credited to (or if received directly by Lessor reimbursed to Lessee) Lessee's obligation to pay said Casualty Value, and any such proceeds received in excess of such Casualty Value shall be split between Lessee and Lessor as their interests may appear based upon the then remaining fixed term of the Lease and the then remaining useful life of the Equipment.

11.9. Early Termination. Subject to the terms and conditions herein expressed, the Lessee shall have the following right to terminate this Lease prior to end of the term hereof:

(a) If no Event of Default (or an event which would constitute an Event of Default with the lapse of time or the giving of notice or both) shall have occurred and be continuing, then the Lessee may at its option, upon not less than 180 days' prior written notice to the Lessor, terminate this Agreement with respect to all, but not less than all, Items of Equipment then under lease, provided that (i) the effective date (hereinafter called the Termination Date) of such termination is a Fixed Rental payment date as set forth in Section 2.2 hereof, (ii) such Termination Date occurs on or after the tenth anniversary after the Term Lease Commencement Date, and (iii) no such termination shall be effective until all sums payable by the Lessee pursuant to Section 11.9(b) hereof have been paid in full.

(b) Upon such termination, the Lessee shall pay to the Lessor an amount equal to (i) the Termination Value (as hereinafter defined) of all Items of Equipment then under lease, plus (ii) if not previously paid, the Fixed Rental installment and any other sum due on such Termination Date, plus (iii) any other sums accrued and unpaid through

and including such date. Upon the Lessee's payment to the Lessor on the Termination Date of the sums in this Section 11.9(b), the Lessee shall have no further right with respect to the Equipment and no further obligations with respect to the Equipment except those which survive the expiration of the term of this Lease. In the event of a termination pursuant to this Section 11.9(b), the Equipment shall be returned by the Lessee to the Lessor in accordance with the provisions of Section 13 hereof.

(c) Notwithstanding the foregoing, the Lessee may at its option upon written notice given to the Lessor not less than 45 days prior to the Termination Date, elect to rescind the Lessee's notice of termination, whereupon this Lease shall not terminate but shall, provided that no Event of Default (or other event which would constitute an Event of Default with the lapse of time or the giving of notice or both) has occurred and is continuing hereunder and the Lessor has not by reason thereof declared this Lease to be in default, continue in full force and effect as though no such notice of termination had been given by the Lessee. In the event the Lessee shall elect to rescind its notice of termination in accordance with the provisions of this Section 11.9(c), the Lessee shall reimburse the Lessor for all expenses which have been incurred in reliance upon any notice of termination by the Lessee.

(d) Except as the Lessee shall, in a timely fashion, have elected to rescind the Lessee's notice of termination pursuant to Section 11.9(c) hereof, the Lessee shall pay to the Lessor all sums due pursuant to Section 11.9(b) hereof on the Termination Date, without asserting any setoff, counterclaim or other defense for any reason whatsoever.

(e) The Termination Value for each Item of Equipment shall be an amount determined as of the Termination Date equal to that percentage of the Purchase Price of each Item of Equipment set forth in the Schedule of Termination Value attached hereto as Schedule E opposite such date.

## SECTION 12. ANNUAL REPORTS.

12.1. Lessee's Certificate. On or within the month before April 1 of each year commencing April 1, 1982, the Lessee will furnish to the Lessor and any assignee of the Lessor pursuant

to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) a certificate signed by an officer of the Lessee or such other qualified person as may be satisfactory to the Lessor and the Security Trustee, setting forth, on an aggregate basis for all Equipment then leased hereunder (unless otherwise reasonably requested by the Lessor or the Note Purchaser, and then on an Item by Item basis) (a) as of the preceding December 31 the amount, description and numbers of the Items of Equipment then leased thereunder, and, as to each such Item of Equipment the description and road number of such Item of Equipment, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement) or which the Lessee caused to be relined during such period, or are then undergoing repairs (other than running repairs) or relining or are withdrawn from use pending such repairs (other than running repairs) or relining, the total amount expended for maintenance of all of the Equipment during such period, and such other information regarding the condition and state of repair of the Equipment as the Lessor may reasonably request (including a description, the date or dates and the cost of all relining, additions, modifications or improvements made to any Item of Equipment during such period, (b) stating that, in the case of all Items of Equipment repainted or repaired during the period covered by such statement, the numbers and markings required by Section 4.2 hereof have been preserved or replaced, (c) setting forth the identification numbers of all Items of Equipment which are then in the condition required by Section 8 hereof and certifying that all such Items of Equipment are in such condition, and (d) setting forth the identification numbers of all Items of Equipment which are not in such condition, or if none, so stating.

12.2. Lessor's Inspection Rights. The Lessor and any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee and the Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment at the respective sites of use thereof and the Lessee's records with respect thereto at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease, but shall have no duty to do so.

12.3. Reports for Lessor and Security Trustee. The Lessee agrees to prepare and deliver to the Lessor and the Security Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on their behalf) any and all reports (other than income tax returns) to be filed by the said parties with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the security interest of the Security Trustee in the Items of Equipment or the leasing thereof to the Lessee.

### SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Immediately upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, deliver possession of such Item of Equipment to the Lessor (with all logos painted over so as to reasonably match the Item as painted) upon such storage tracks within the continental United States as may be reasonably designated by the Lessor, all at the risk and expense of the Lessee. Upon delivery pursuant to the foregoing sentence, the Lessee shall be absolved of further responsibility with respect to such delivered Items of Equipment. Each Item of Equipment returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted and maintained in accordance with the provisions and standards required in Section 8 hereinabove, (ii) meet all standards with respect to maintenance and repair then in effect, (iii) have attached or affixed thereto any special device considered an accession thereto as provided in Section 7 hereof and have removed therefrom, without material damage thereto, any such device not so considered an accession, and (iv) be free and clear of all mortgages, liens, security interests, charges, claims or other encumbrances other than such liens and charges created or granted by the Lessor created or granted in connection with the financing of the Equipment or resulting from claims against the Lessor not related to its ownership of the Equipment. The assembling, delivery and transporting of the Equipment as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having competent jurisdiction, the Lessor shall be entitled to a decree against the Lessee requiring specific performance thereof. The Lessee shall be required to pay to the Lessor rent for each day any Item of Equipment is not so returned in an amount determined by dividing the Fixed Rental payment for such Item set forth in Section 2.1(b) hereof by 30 for each day from the expiration of the Lease to the date such Item of Equipment is returned. In the event any Item of Equipment is not assembled, delivered and transported, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the daily equivalent of the Fair Rental Value (as defined in Section 18.2 hereof) for such Item of Equipment for each such day exceeds the actual earnings received by the Lessor on such Item of Equipment for each such day, unless the Lessor shall have received sums equal or exceeding such daily equivalent of the Fair Rental Value therefor.

### SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental, Casualty Value or Termination Value provided in Section 2, 11 or 18 hereof and such default shall continue for five days;

(b) The Lessee shall make or permit any assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, not permitted by this Lease;

(c) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 15 days after the earlier of (i) written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied or (ii) the date on which such default became known to any responsible officer of the Lessee (as defined in Section 14.5 hereof);

(d) Any representation or warranty made by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Security Trustee or the Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement, proves untrue in any material respect as of the date of issuance or making thereof thirty days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied; provided, that in the event that such default consists of the failure to pay any sum due under this Lease or the Participation Agreement in conformance with the requirements thereof, such default shall continue for ten days after written notice from the Lessor, the Security Trustee or the Note Purchaser to the Lessee specifying the default and demanding the same to be remedied;

(e) Any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency law or laws relating to the relief of debtors, readjustments of indebtedness (such as recompositions or extensions thereof), reorganizations or moratoriums, other than a law which does not permit any readjustments of the obligations of the Lessee hereunder (unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective, but then only so long as such stay shall continue), and in the case of any such proceeding commenced against the Lessee, all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree,



by a custodian, trustee or trustees or receiver or receivers appointed (whether or not subject to ratification), for the Lessee for the property of the Lessee in connection with any such proceeding in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

(f) A petition for reorganization under Title 11 of the United States Code, as now or hereafter constituted, shall be filed by or against the Lessee (unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective, but then only so long as such stay shall continue in force or such ineffectiveness shall continue) and, in the case of such a petition filed against the Lessee, all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by such custodian, trustee or trustees appointed (whether or not subject to ratification, in such proceedings in such manner that such obligations shall have the same status as expenses of administration and obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and otherwise in accordance with the provisions of 11 U.S.C. §1168, or any successor provision, if then applicable and as the same may hereafter be amended;

(g) The Lessee becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Lessee or for the major part of its property;

(h) A custodian, trustee or receiver is appointed for the Lessee or for the major part of its property and is not discharged within thirty (30) days after such appointment.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including but not

limited to net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease, and including reasonable attorneys' fees; and/or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, such party may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but such party shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as liquidated damages for loss of the bargain and not as a penalty, whichever of the following amounts such party, in its sole discretion, shall specify, (i) the sum with respect to each Item of Equipment which represents (x) the excess of the Casualty Value, calculated as of the rental payment date immediately following the occurrence of such Event of Default as to such Item of Equipment over the then present value of the rental under any and all re-leases of the Item of Equipment arranged by the Lessor from the date of such Event of Default through July 1, 2002 for each Item of Equipment (such present value to be computed in each case on the basis of an 6% per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated) or, if such Item of Equipment is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, which such party shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Value payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the liquidation value (net of reasonably estimated costs and expenses of sale including attorneys fees) of such Item of Equipment at such time; provided, however, that in the event such party shall have sold any Item of Equipment, the Lessee shall, if such party shall so elect, pay to such party on the date of such sale, as liquidated damages for loss of a bargain and

not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Item of Equipment as of the Casualty Value payment date on or next preceding the date of termination over the net proceeds of such sale in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) with respect to such Item of Equipment.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other reasonable costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Item of Equipment.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor or its assignee shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf in connection with the lease of the Equipment.

14.4. Failure to Exercise Rights. The failure of the Lessor or its assignee to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, the Security Trustee and the Note Purchaser and to the Car Builder and the Lining Company if the final Item of Equipment has not been delivered and accepted hereunder, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor (or any assignee of the Lessor pursuant to Section 16 hereof) shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to such party. For the purpose of delivering possession of any Item of Equipment to such party as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) forthwith and in the usual manner (including, without limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Item of Equipment has been interchanged or which may have possession thereof to return the Item of Equipment) place such Item of Equipment in such reasonable storage place in the continental United States as such party may designate or, in the absence of such designation, as the Lessee may select; provided that, in the event such party shall designate storage tracks which are then unavailable then the Lessee agrees to so store such Item upon such other storage tracks as shall then be so available and nearest to such storage tracks designated by such party;

(b) permit such party to store such Item in such reasonable storage place at the Lessee's expense, including insurance, rent and storage, until such Item has been sold, leased or otherwise disposed of by such party (subject to such obligations regarding disposition of the Equipment as shall then be imposed by applicable law) and during such period of storage the Lessee shall continue to maintain all insurance required by Section 11.1 hereof; and

(c) transport such Item to any reasonable place and/or connecting carrier for shipment as such party may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor or in the case of such assignment, to such assignee. In the case of any Item of Equipment not assembled, delivered and stored as hereinabove provided immediately after the termination of this Lease, the Lessee shall pay to the Lessor or such assignee for each day after such termination until such delivery an amount equal to the amount, if any, by which the daily equivalent of the Fair Rental Value for such Item of Equipment for each such day exceeds the actual earnings received by the Lessor on such Item of Equipment for each such day, unless the Lessor or such assignee shall have received sums equal or exceeding such daily equivalent of the Fair Rental Value therefor. Such payment shall not offset the obligation of the Lessee to redeliver the Equipment pursuant to the first sentence of this section.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor, or in the event this Lease has been assigned pursuant to Section 16 hereof, such assignee, as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor or such assignee, to demand and take possession of such Item in the name, at the expense and on behalf of the Lessee from whosoever shall be at the time in possession of such Item.

#### SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and certain other sums due or to become due hereunder have been assigned by the Lessor to the Security Trustee pursuant to the Security Agreement. The rent and other sums payable by the Lessee which are the subject matter of such assignment shall be paid to or upon the written order of the Security Trustee or a successor trustee thereto pursuant to the Security Agreement; provided that the Lessee shall have received not less than 10 days' prior written notice of the transfer of such trusteeship to a successor trustee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Security Trustee or any such successor assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason or failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if any Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor

(except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 20.3 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and the Lessor may exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefit, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

It is understood and agreed that the right and security interest of any such assignee in, to and under this Lease and the rents and other sums due and to become due hereunder shall by the express terms granting and conveying the same be subject to the leasehold interest of the Lessee in and to the Equipment.

#### SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consents of the Lessor and so long as any of the Notes shall be outstanding, the Security Trustee (which consents will not be unreasonably withheld), the Lessee shall not assign, sublease, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consents of the Lessor and, so long as any of the Notes shall be outstanding, the Security Trustee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession of Equipment. So long as the Lessee shall not be in default under this Lease and except as otherwise provided below, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by any railroad company or companies incorporated in the United States of America (or any state thereof or the District of Columbia) or over which such railroad company or companies have trackage rights or rights for the operation of their trains and also to permit the use of any Item of Equipment upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease. Notwithstanding the foregoing, the Lessee shall at no time throughout the term of this Lease permit more than 10% of the aggregate number of Items then leased hereunder to be located outside the continental United States and the Perfected Canadian Provinces,

whether by virtue of use or service by the Lessee, a sublessee or any other party. For the purposes of the preceding sentence, a "Perfected Canadian Province" shall mean any such province in which the Lease and the Security Agreement (or financing statements or other similar notice) shall have been, according to an opinion of counsel of such province reasonably acceptable to the Lessor and the Security Trustee and previously delivered to each such party, duly filed, recorded and deposited in conformity with applicable provincial law so as to protect the title of the Lessor to or the security interest of the Security Trustee in any Equipment located in such province, but in each case only for the duration of any period specified in such opinion as the period during which such protection shall remain in effect for such province. The Lessee may, without any consent otherwise required by this Lease, sublease any Item of Equipment for a term of not more than 90 days for use as otherwise provided herein, provided that any such sublease shall, by its terms, be subordinate to the rights of the Lessor hereunder and to the rights of the Security Trustee under the Security Agreement. No assignment or sublease (whether or not consented to by the Lessor and/or the Security Trustee) entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety, except that payment to the entities entitled to payment hereunder or performance by a permitted assignee or a sublessee of the Lessee hereunder, in respect of any of the obligations of the Lessee hereunder, shall discharge such obligations to the full extent to which such payment or performance is made.

It is contemplated that the Lessee shall receive insofar as applicable law and regulations allow, all mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of an Item of Equipment and if for any reason the Lessor shall receive any Mileage then (unless an Event of Default shall have occurred and be continuing, in which event such Mileage or portion thereof shall be retained by the Lessor until such Event of Default shall no longer be continuing) the Lessor shall remit such Mileage to the Lessee promptly after the Lessee shall furnish to the Lessor, at the Lessee's sole expense, either (i) a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a rebate within the meaning of 49 U.S.C. Section 11902, as amended, or (ii) an opinion of counsel to the same effect.

17.3. Merger, Consolidation or Acquisition of Lessee. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired all or substantially all of the assets of the Lessee, provided that (i) such assignee; successor or transferee will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the

assumption of such obligations, be in default under any provisions of this Lease, and (ii) such merger or consolidation or acquisition of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS.

18.1. Right of First Refusal. Unless an Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, within one year after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 18.2 hereof within one year of the end of such renewal term) sell an Item of Equipment unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer or offers in writing to purchase such Item of Equipment;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the identity of such purchaser or purchasers, the Item or Items of Equipment to be purchased, the proposed purchase price or prices, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, the cash sale price if Lessor has made any arrangements for the financing of such purchase, and (ii) offering to sell such Item of Equipment to the Lessee upon the same terms and conditions as those set forth in such notice except for financing terms, if any, provided by Lessor; provided that in the event such proposal is in respect of more than one Item of Equipment, the Lessee must purchase all such Items of Equipment as a group; and

(c) the Lessee shall not have notified the Lessor, within 30 days following receipt of such notice, of its election to purchase such Item or Items of Equipment upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Item or Items of Equipment, the Lessor may sell such Item or Items of Equipment at a price and upon other terms and conditions no less favorable to the Lessor than those specified in such notice.

Notwithstanding the foregoing provisions of this Section 18.1, the Lessor may, if the Lessee has not renewed this Lease pursuant to Section 18.2 hereof, lease any or all Items of Equipment at



any time after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for a renewal term pursuant to Section 18.2 hereof, at the end of such renewal term) without first offering to lease the Equipment to the Lessee.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the option to renew and extend the term of the Lease to expire on January 1, 2002 (the "Original Term") as to all, but not less than all, of the Items of Equipment then leased hereunder for such period or periods, for the rentals and on and subject to the terms and conditions herein set forth:

(a) Not less than 180 days prior to the expiration of the Original Term, Lessor may give written notice to Lessee of its intention to remanufacture such Items of Equipment at the expiration of the Original Term.

(b) If Lessor fails to give Lessee notice of its election to remanufacture in accordance with Section 18.2(a) hereinabove, Lessee shall have the right upon written notice to Lessor given not less than 150 days prior to expiration of the Original Term to renew and extend the Lease for a period of four (4) years (the "Renewal Term") at a Fixed Rental in an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment at the end of the Original Term.

(c) Not less than 180 days prior to expiration of the Renewal Term, Lessor may give written notice to Lessee of its intention to remanufacture the Items of Equipment at the expiration of the Renewal Term.

(d) If Lessor gives Lessee written notice of its election to remanufacture at the expiration of either the Original Term or the Renewal Term, Lessee shall have the right to renew and extend this Lease for such period as Lessee may request following completion of such remanufacturing at a Fixed Rental in an amount equal to the Fair Rental Value of such Items of Equipment upon completion of remanufacture.

(e) If Lessor fails to give Lessee written notice of its election to remanufacture following the Renewal Term, Lessee shall have the right upon written notice to Lessor given not less than 150 days prior to expiration of the Renewal Term to renew and extend the lease for such period as Lessee may request at a Fixed Rental in an amount equal to the Fair Rental Value of such Items of Equipment at the end of the Renewal Term.

(f) For all purposes of the Lease, the Fair Rental Value or Fair Market Value, as the case may be, of the Items of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee or buyer, as the case may be (other than a lessee or buyer, as the case may be, currently in possession) and an informed and willing lessor or seller, as the case may be, under no compulsion to lease or sell, as the case may be. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value or the Fair Market Value of such Items of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean any independent appraiser mutually agreed upon by the Lessor and the Lessee or if no such mutual agreement is reached within 15 days after the beginning of such 90-day period, two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, an independent appraiser to be chosen by the American Arbitration Association promptly thereafter. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.3. Delivery of Equipment. Unless the Lessee has elected to renew this Lease or has exercised its right of first refusal under Section 18.1 hereof, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

#### SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNT PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rent due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the additional obligation on the part of the Lessee to pay also an amount equal to the greater of 17% per annum or the Security Pacific Prime Rate (or the lawful rate, whichever is less) on the overdue rentals and amounts expended for the period of time during which

they are overdue or expended and not repaid. The "Prime Rate" shall mean the rate per annum publicly announced from time to time by Security Pacific National Bank at its offices in Los Angeles, California, as its prime rate.

SECTION 20. MISCELLANEOUS.

20.1. Owner for Tax Purposes. The Lessor and the Lessee hereby agree and understand that for Federal and state income tax purposes the Lessor will be the owner of the Equipment and the Lessee will be the lessee thereof; provided, however, that the Lessor agrees that it will elect under section 48(d) of the Code, within the period prescribed in section 1.48-4(f)(2) of the Regulations of the Internal Revenue Service (the "Regulations"), to treat the Lessee as having acquired the Equipment for investment tax credit purposes so long as (a) at least 30 days prior to the expiration of such period, the Lessor shall have received a statement prepared by, and at the expense of, the Lessee which conforms with section 1.48-4(f)(1) of the Regulations, and (b) the Lessor shall not object to any statement made therein as false or inaccurate. The Lessor makes no warranty or representation, express or implied, as to the eligibility of the Equipment (or linings or any part thereof) for investment tax credit or the effectiveness of such election, it being agreed that, as between the Lessor and the Lessee, the Lessee alone shall be responsible for the validity and effectiveness of such election. The Lessor agrees that it will not claim any investment tax credit under section 38 of the Code in respect of the Equipment.

20.2. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given either when (i) delivered personally or otherwise actually received (whether by telex, telecopy, courier or otherwise), or (ii) two business days after being deposited in the United States mail, certified mail, first class, postage prepaid, in each case to the following address:

If to the Lessor:

Security Pacific Commercial Leasing, Inc.  
One Embarcadero Center, Suite 710  
San Francisco, California 94111  
Attention: Manager - Operations, Department LEV

If to the Security Trustee:

The Connecticut Bank and Trust Company  
One Constitution Plaza  
Hartford, Connecticut 06115  
Attention: Corporate Trust Department

If to the Lessee:

International Minerals & Chemical Corporation  
421 East Hawley Street  
Mundelein, Illinois 60060  
Attention: Director, Treasury Services

If to the Note Purchaser:

At the address provided therefor in  
Schedule 2 to the Participation Agreement

or addressed or paid to any such party at such other address or place of payment as such party shall hereafter furnish to such other parties in writing.

20.3. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder (including, without limitation, the Security Trustee and the Note Purchaser) may, after notice to the Lessee, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate set forth in Section 19 hereto.

20.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

20.5. Law Governing. This Lease shall be construed in accordance with the laws of the State of Illinois without regard to principles of conflict of laws; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

20.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

20.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

SECURITY PACIFIC COMMERCIAL  
LEASING, INC.

ATTEST:

*Maude M. Mearns*  
Secretary

By

Its

*Virginia L. Lucan*  
CONTRACT ADMINISTRATOR

INTERNATIONAL MINERALS & CHEMICAL  
CORPORATION

[CORPORATE SEAL]

ATTEST:

By

Its

                      
Secretary

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seals to be hereto affixed as of the day and year first above written.

SECURITY PACIFIC COMMERCIAL  
LEASING, INC.

ATTEST:

By \_\_\_\_\_  
Its \_\_\_\_\_

\_\_\_\_\_  
Secretary

INTERNATIONAL MINERALS & CHEMICAL  
CORPORATION

[CORPORATE SEAL]

ATTEST:

By *[Signature]*  
Its \_\_\_\_\_  
**Vice President & Treasurer**

*[Signature]*  
**Secretary**



(

) SS. :

OFFICIAL SEAL  
**GAIL D. SMEDAL**  
 Notary Public-California  
 City and County of  
 SAN FRANCISCO  
 My Commission Expires April 21, 1985

Jair L. Smedley  
Notary Public

STATE OF ILLINOIS )

SS.:

COUNTY OF COOK )

Notary Public

My Commission expires:

STATE OF CALIFORNIA

CITY AND COUNTY OF SAN FRANCISCO

) ss.:  
)

On this \_\_\_\_\_ day of \_\_\_\_\_, 1981, before me personally appeared \_\_\_\_\_, to me personally known, who being by me duly sworn, says that he is a \_\_\_\_\_ of SECURITY PACIFIC COMMERCIAL LEASING, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public

[NOTARIAL SEAL]

My Commission expires:

STATE OF ILLINOIS . )

COUNTY OF COOK )

) ss.:  
)

On this 15<sup>TH</sup> day of MAY, 1981, before me personally appeared Garrett L. Penker, to me personally known, who being by me duly sworn, says that he is the Vice President & Treasurer of INTERNATIONAL MINERALS & CHEMICAL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Helene B. Morton  
Notary Public

[NOTARIAL SEAL]

My Commission expires: June 26, 1982.



DESCRIPTION OF ITEMS OF EQUIPMENT

Car Builder:	General American Transportation Corporation
Description and Mark and Number of Items of Equipment:	85 Tank Cars Marked and Numbered IMCX 3100 through IMCX 3184, both inclusive
Base Purchase Price of Unlined Car:	\$45,903.03 per Item
Maximum Aggregate Purchase Price of Unlined Cars:	\$4,326,500
Location of Car Builder's Tracks (Place of Delivery of Unlined Cars):	Sharon, Pennsylvania
Outside Delivery Date for Unlined Cars:	December 31, 1981
Lining Company:	Protective Coatings, Inc.
Nature of Liner:	Inner protective lining to permit the car to be used in the transport of phosphoric acid
Base Price for Lining per Car:	\$7,568
Location of Lining Company's Plant:	Fort Wayne, Indiana
Outside Delivery Date for Lined Cars:	June 29, 1982

(IMC No. 81-1)

CERTIFICATE OF CAR ACCEPTANCE  
UNDER EQUIPMENT LEASE

IMC No. 81-1

TO: SECURITY PACIFIC COMMERCIAL LEASING, INC.  
(the "Lessor")

GENERAL AMERICAN TRANSPORTATION CORPORATION  
(the "Car Builder")

I, a duly appointed and authorized representative of INTERNATIONAL MINERALS & CHEMICAL CORPORATION (the "Lessee") under the Equipment Lease dated as of April 1, 1981 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Unlined Cars:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Unlined Cars are in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Unlined Cars with respect to design, manufacture, condition or in any other respect, and that each Car has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Leased from SECURITY PACIFIC COMMERCIAL  
LEASING, INC., as Owner, and Subject to a  
Security Interest Recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Car Builder for any warranties it has made with respect to the Equipment.

Dated: \_\_\_\_\_, 1981

\_\_\_\_\_  
Inspector and Authorized  
Representative of the Lessee

(IMC No. 81-1)

SCHEDULE B  
(to Equipment Lease)

CERTIFICATE OF LINING ACCEPTANCE  
UNDER EQUIPMENT LEASE

IMC No. 81-1

TO: SECURITY PACIFIC COMMERCIAL LEASING, INC.  
(the "Lessor")

PROTECTIVE COATINGS, INC.  
(the "Lining Company")

I, a duly appointed and authorized representative of INTERNATIONAL MINERALS & CHEMICAL CORPORATION (the "Lessee") under the Equipment Lease dated as of April 1, 1981 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery of the lining completed by the Lining Company for the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the lining in the foregoing Items of Equipment is in good order and condition, and appears to conform to the specifications applicable thereto, and that the Lessee has no knowledge of any defect in said lining.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Lining Company for any warranties it has made with respect to the linings in the aforesaid Items of Equipment.

Dated: \_\_\_\_\_, 1981

\_\_\_\_\_  
Inspector and Authorized  
Representative of the Lessee

(IMC No. 81-1)

### SCHEDULE OF CASUALTY VALUES

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter (identified consecutively by number below) shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	114.5626
1	114.5626
2	117.2486
3	117.6675
4	119.8638
5	119.9686
6	121.6006
7	121.5749
8	122.5028
9	122.5196
10	122.7508
11	122.8389
12	122.7733
13	122.5724
14	122.2309
15	120.4333
16	118.4354
17	116.2457
18	113.8898
19	111.3600
20	110.5737
21	107.4966
22	103.9767
23	100.6149
24	97.0230
25	93.4913
26	89.6784
27	85.8718
28	81.8438
29	77.7464
30	73.4978
31	69.0939
32	64.5175
33	59.7206
34	54.7407
35	49.5265
36	44.1119
37	38.4448
38	32.5581
39	26.3991
40 (and thereafter during any storage period)	20.0000

(IMC No. 81-1)

SCHEDULE D  
(to Equipment Lease)

### SCHEDULE OF TERMINATION VALUES

The Termination Value for an Item of Equipment payable on the date of payment of the 20th installment of Fixed Rental or any subsequent installment thereof (identified consecutively by number below) shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule:

<u>Number of Fixed Rental Payment Date on Which Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Termination Value</u>
20	110.5737
21	107.4966
22	103.9767
23	100.6149
24	97.0230
25	93.4913
26	89.6784
27	85.8718
28	81.8438
29	77.7464
30	73.4978
31	69.0939
32	64.5175
33	59.7206
34	54.7407
35	49.5265
36	44.1119
37	38.4448
38	32.5581
39	26.3991